

Message Text

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17

ACTION COA-01

INFO OCT-01 EA-10 ISO-00 L-02 OES-05 CIAE-00 INR-07

NSAE-00 COME-00 CEQ-01 INT-05 SMI-01 /033 W

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R 030851Z MAR 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8388

UNCLAS TOKYO 2724

E.O. 11652: N/A

TAGS: EFIS, JA

SUBJECT: CONSOLIDATION OF JAPANESE WHALING INDUSTRY

1. ON FEBRUARY 21 JAPAN'S FAIR TRADE COMMISSION (FTC) APPROVED MERGER WHALING OPERATIONS SIX COMPANIES INTO SINGLE NEW FIRM CAPITALIZED AT EQUIVALENT OF 10 BILLION YEN (\$33 MILLION) IN VESSELS AND OTHER EQUIPMENT. MERGER PARTICIPANTS ARE: TAIYO GYOGYO, NIPPON SUISAN, KYOKUYO, NITTO HOGEL, NIHON HOGEL, AND HOKUYO HOGEL.

2. FTC RULED THAT MERGER, IN RESPONSE TO DECLINING WHALE QUOTAS, WILL NOT VIOLATE SECTIONS 15-16 ANTI-MONOPOLY LAW PROVIDED NO "UNNECESSARY ASSETS" ARE TRANSFERRED TO NEW COMPANY. THS IN EFFECT WILL REQUIRE PARTICIPANTS TO AGREE PRIOR FORMATION NEW COMPANY WHICH ASSETS OF EACH WILL BE TRANSFERRED TO IT. SIX FIRMS' ORIGIAL PROPOSAL TO FTC CALLED FOR TRANSFER OF ALL EQUIPMENT AND MANPOWER EMPLOYED IN WHALING TO NEW FIRM WITH CONSOLIDATION OF FLEETS AND LABOR FORCE REDUCTION TO BE CARRIED OUT UNDER ITS MANAGEMENT. FTC DID NOT EXPLAIN REASON FOR ATTACHING ITS CONDITION, BUT INDUSTRY REPRESENTATIVES CONSIDER IT TO REFLECT FTC DETERMINATION TO ESTABLISH COMPANY OF EFFICIENT BASIS AND PREVENT PARTICIPANTS FROM PASSING CONSOLIDATION COSTS ON TO CONSUMER THROUGH HIGHER PRODUCTION COSTS FOR WHALE PRODUCTS. FTC STIPULATION EXPECTED TO COMPLICATE AND DELAY MERGER NEGOTIATIONS WHICH NOW MUST FOCUS ON SHARING BURDEN AMONG PARTICIPANTS IN REDUCTION OF THE PRESENT FOUR WHALING FLEETS TO THE TWO PROJECTED FOR THE SUCCESSOR

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COMPANY.

HODGSON

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Message Attributes

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